DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY [illegible] 7/2/85
RDS ☐ or
TS AUTH.
EXCERPTS ☐
DECLASSIFY ☐ RELEASE ☐ RELEASABLE
PA or FOI EXEMPTIONS

R

2/81
231

THE VALUE OF THE US/SAUDI RELATIONSHIP

--The sale of this equipment will further a basic and important US objective -- the security of Saudi Arabia.

--In addition, the sale will strengthen Saudi confidence in us and build a sense of common interests. As we seek to develop the common interest we must continue to recognize that perserving Saudi Arabia's own stability -- a major U.S. objective -- requires the Saudi Government to maintain a posture of independence fro U.S. policy.

--Saudi Arabia has not publicly supported the concept of a permanent US force presence in the area. It has, however

- --indicated appreciation of a strong U.S. "over-the-horizon" presence
- --sought an extensive US military supply and training program
- --requested deployment of AWACS at the outbreak of the Iraq/Iran war, and
- --been strongly supportive of Oman and Bahrain, which provide our forces access.

Saudi Arabia has clearly signaled its commitment to close security cooperation with the United States. We need to build on this foundation as we pursue an intensified security dialogue with the Saudis in the coming months.

--Saudi Arabia is critical to our economic objectives. While neither we nor they see benefit in direct trade offs, we have long urged their cooperation in energy, and financial matters and have received it to a remarkable degree.

--Over the past years, Saudi Arabia has consistently maintained significantly higher oil production than its preferred level, most

recently in response to supply shortages resulting from the Iraq/Iran war.

--Saudi Arabia has been a price moderate within OPEC. For extended periods -- as at present -- it has priced its crude well below the general OPEC level, thus subsidizing Western purchases of oil.

--These production and pricing policies are increasingly criticized in Saudi Arabia. It is obvious that the Saudis will be more responsive when we demonstrate sustained concern for their national defense.

--The Saudis currently devote a high percentage (almost 10%) of their GNP to foreign assistance. (The US percentage is 0.2%). This policy supports many of our own security and development objectives in the immediate region and globally. Saudi assistance has been particularly important to Morocco, the Sudan and Jordan. In the coming months we will need to urge even greater Saudi lending, particularly toward key nations such as Turkey and Pakistan.

--The Saudis have consistently supported the dollar. Currently a large proportion of their more than $100 billion in foreign official assets is in dollar instruments.

--We need a strong overall relationship to sustain a general Saudi attitude of cooperation in these areas.

--In addition, Saudi Arabia led the Islamic world condemnation of the Soviet invasion of Afghanistan.

--The Saudis have long opposed the spread of Soviet influence generally and in the Middle East in particular. They helped get the Soviets out of Egypt, Sudan and Somalia. In Yemen the Saudis have worked with us to support the economic and defense needs of North Yemen, threatened by Marxist, Soviet-supported South Yemen.

--The Saudis have taken the initiative in bolstering Pakistan and welcoming our cooperation in this effort.

--Over a number of years the Saudis have encouraged a variety of Middle Eastern states to work closely with the U.S.

--For instance, the close US/Saudi relationship has encouraged the smaller Gulf states from Kuwait to Oman to cooperate with the United States.

--Saudi Arabia supported the US Middle East peace effort up to and through the Camp David Summit.

--Although Saudi Arabia has not supported the Camp David process, it has consistently reaffirmed its upport for a just and comprehensive Middle East peace settlement. The Saudi desire for peace reflects in part deep concern that continued Arab-Israeli tension promotes Soviet and radical influences in the area. As we continue to seek to bring the Saudis into a more constructive posture in the peace process it is important to sustain their confidence in other aspects of US policy including our willingness to meet Saudi defense requirements.